

BEFORE THE DEPARTMENT OF INSURANCE  
STATE OF NEBRASKA

JAN 18 2008

FILED

STATE OF NEBRASKA  
DEPARTMENT OF INSURANCE,

PETITIONER,

VS.

COVENTRY HEALTH CARE OF  
NEBRASKA, INC.

RESPONDENT.

CONSENT ORDER

CAUSE NO. C-1668

Feb 11, 2008 ACCT# 8521 \$2,000.00  
NO-INVOICE 63115 TRAN# 1846311  
COVENTRY HEALTH CARE OF NEBRASKA, INC.  
CHECK# 4209

In order to resolve this matter, the Nebraska Department of Insurance ("Department"), by and through its representative, Martin W. Swanson and Coventry Health Care of Nebraska, ("Respondent"), mutually stipulate and agree as follows:

JURISDICTION

1. The Department has jurisdiction over the subject matter and Respondent pursuant to Neb. Rev. Stat. §44-101.01, §44-303 and §44-4047, et seq.
2. Respondent was licensed as a health maintenance organization under the laws of Nebraska at all times material hereto.

STIPULATIONS OF FACT

1. The Department initiated this administrative proceeding by filing a petition styled State of Nebraska Department of Insurance vs. Coventry Health Care of Nebraska, Inc., Cause Number C-1668 on October 19, 2007. A copy of the petition was served upon the Respondent, at the Respondent's address registered with the Department by certified mail, return receipt requested.

2. The petition alleges that Respondent violated Neb. Rev. Stat. §§44-1524, 44-1525(11), 44-1539, 44-1540 (3), 44-1540(4) and Title 210, Chapter 61 §§006.02, 007.01, 008.02 and 008.03, as a result of the following conduct:

- a. On June 13, 2007, a complaint was filed by Lynett Wood (Complainant) with the Nebraska Department of Insurance complaining about the inconsistent coverage she was receiving from Respondent. Barbara Ems (Ems), an Insurance Investigator assigned to investigate this matter, wrote to Respondent requesting answers to questions raised in the complaint on June 21, 2007. Respondent failed to answer the letter, and on July 17, 2007, another letter was sent to Respondent.
- b. On July 23, 2007, Respondent responded to the second request. The Department alleged the response failed to answer questions raised by the Department of Insurance.
- c. On July 27, 2007, Ems sent another letter to Respondent directing them to answer and/or provide information requested in the June 21, 2007 letter. Respondent failed to respond in a timely manner, and another letter, this one sent by Jane Francis, Administrator of the Consumer Affairs Division, was sent to Respondent directing an answer on August 22, 2007.
- d. A letter was received from Respondent on August 30, 2007. From the documents submitted, it appeared that there was confusion regarding the billing and whether services provided were to be considered in-network or out of network. The reason for the confusion was that the facility was in-network but the provider was out of network, thus triggering different payment structures. Respondent reprocessed the claims several times prior to properly paying the providers. Respondent's August 30, 2007 admitted the following:

"We submit that Coventry is in violation of the requirements of Chapter 61 regarding standards for prompt, fair and equitable settlements, due to our reprocessing of these claims. Each of the claims submitted for final reprocessing due to this complaint were in final payment status and paid in accordance with Ms. Wood's contract."

3. Respondent was informed of the right to a public hearing. Respondent waives that right, and enters into this Consent Order freely and voluntarily. Respondent understands and acknowledges that by waiving its right to a public hearing, Respondent also waives its right to confrontation of witnesses, production of evidence, and judicial review.

4. Respondent neither admits or denies that it violated Neb. Rev. Stat. §§44-1524, 44-1525(11), 44-1539, 44-1540 (3), 44-1540(4) and Title 210, Chapter 61 §§006.02, 007.01, 008.02 and 008.03, however, in order to settle this matter, it agrees to abide by the conclusions of law as set forth below.

#### CONCLUSIONS OF LAW

The conduct of Coventry Health Care of Nebraska, as alleged above, constitutes a violations of Neb. Rev. Stat. §§44-1524, 44-1525(11), 44-1539, 44-1540 (3), 44-1540(4) and Title 210, Chapter 61 §§006.02, 007.01, 008.02 and 008.03.

#### CONSENT ORDER

It is therefore ordered by the Director of Insurance and agreed to by Respondent, that Respondent shall pay an administrative fine in the amount of two thousand dollars. The Respondent has thirty days from the date of approval of this consent order by the Nebraska Director of Insurance to pay the two thousand dollar fine. Respondent also agrees to review its claims review process in order to rectify the issues that arose from the substance of the petition filed in this matter.

The Nebraska Department of Insurance shall retain jurisdiction of this matter for the purpose of enabling the Department to make application for such further orders as may be necessary.

In witness of their intention to be bound by this Consent Order, each party has executed this document by subscribing their signatures below.



Martin W. Swanson, #20795  
Department of Insurance  
941 "O" Street, Suite 400  
Lincoln, Nebraska 68508  
(402) 471-2201

15 JAN 08  
Date



Coventry Health Care of Nebraska, Inc.

1/14/08  
Date

State of

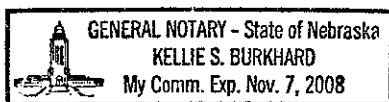
Nebraska

County of

Douglas

), ss.

On this 14<sup>th</sup> day of January, 2008, Coventry Health Care of Nebraska, Inc. personally appeared before me and read this Consent Order, executed the same and acknowledged the same to be his voluntary act and deed.



Kellie S. Burkhard  
Notary Public

I hereby certify that the foregoing Consent Order is adopted as the Final Order of the Nebraska Department of Insurance in the matter of State of Nebraska Department of Insurance vs. Coventry Health Care of Nebraska, Inc., Cause No. C-1668.

STATE OF NEBRASKA  
DEPARTMENT OF INSURANCE

Ann M. Frohman

ANN M. FROHMAN  
Acting Director of Insurance

1-18-08  
Date

#### CERTIFICATE OF SERVICE

I hereby certify that a copy of the executed Consent Order was sent to the Respondent at P.O. Box 541210, Omaha, Nebraska 68154, by certified mail, return receipt requested on this 18<sup>th</sup> day of January, 2008.

Larry A. Stuhn